

Message Text

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ACTION EB-07

INFO OCT-01 EA-10 AGR-10 AF-06 EUR-12 H-02 IO-10 ARA-10

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6509

UNCLAS BANGKOK 12399

E.O. 11652: N/A

TAGS: EAGR, ETRD

SUBJ: HOUSE SUGAR HEARINGS

REF: STATE 141876

1. THE AGRICULTURAL ATTACHES SUGAR REPORTS AND MONTHLY HIGH-LIGHT REPORTS SINCE JANUARY 1975 CONTAIN DETAILED INFORMATION ON THAILANDS SUGAR INDUSTRY. WE RECOMMEND THESE REPORTS BE USED AS BACKGROUND INFORMATION IN PREPARATION OF MATERIALS FOR THE SUGAR HEARINGS.

2. IN REPLY TO THE SPECIFIC QUESTIONS CONTAINED IN STATE 141876 OUR BEST ANSWERS ARE AS FOLLOWS:

(A) COST OF PRODUCTION OF RAW SUGAR - THE THAI SUGAR INDUSTRY, IN ITS REPORT TO THE RTG, PLACES THE COST OF PRODUCTION AT 11.51 CENTS PER POUND. SEVERAL OF THE FACTORS ADDED INTO THIS COST LOOK INFLATED AND ACTUAL COST MAY BE LESS THAN 10 CENTS PER POUND.

(B) CURRENT RETAIL PRICE FOR REFINED SUGAR - THE OPEN MARKET PRICE FOR PLANTATION WHITE SUGAR IN BANGKOK IS 13.64 CENTS PER POUND. THE RTG CONTROLLED PRICE IS 10.23 CENTS PER POUND.

(C) UNIT VALUE FOR SUGAR EXPORTS IN 1974 - THE AVERAGE
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UNIT VALUE FOR RAW SUGAR EXPORTS IN 1974 WAS 15.69 CENTS PER

POUND.

(D) ESTIMATED PRODUCTION AND EXPORTS OF RAW SUGAR 1975-1980

YEAR	PRODUCTION -----1,000 M.T. -----	EXPORTS
1975	1,210	625
1976	1,280	650
1977	1,369	660
1978	1,420	675
1979	1,460	685
1980	1,500	700

(E) INVESTMENTS PLANNED OR UNDERWAY - TH THAI SUGAR INDUSTRY IS RELATIVELY NEW WITH MOST OF THE SUGAR CANE CRUSHING CAPACITY HAVING BEEN CONSTRUCTED SINCE 1961. THE NEWEST MILLS, CONSTRUCTED SINCE 1970, HAVE BUILT IN EXCESS CAPACITY. THERE ARE TWO MILLS IN THAILAND BOTH COMPLETED IN 1974, THA HAVE NOT RECEIVED LICENSES TO START OPERATION. PRESENT CRUSHING CAPACITY IS SUFFICIENT TO PRODUCE MORE RAW SUGAR THAN THE ESTIMATE FOR 1980. RESTRICTIONS ARE MORE LIKELY TO OCCUR IN CANE PRODUCTION, AS SUGAR CANE IS GROWN BY SMALL FARMERS RATHER THAN ON SUGAR PLANTATIONS. IF SUGAR CANE PRODUCTION CONTINUES TO INCREASE, THE RTG WILL CONSIDER A FURTHER EXPANSION OF THE CRUSHING CAPACITY, BUT NOT BEFORE 1977 OR 1978.

(F) ESTIMATED GROWTH RATE OF DOMESTIC SUGAR CONSUMPTION - THE RTG ESTIMATES A 10 PER CENT GROWTH RATE.

(G) LONG TERM EXPORT COMMITMENTS - SEE AGR TH5030 OF MAY 6, 1975.

(H) GOVERNMENTS PARTICIPATION, REGULATION, OR DIRECT INTERVENTION IN PRODUCTION, DOMESTIC MARKETING, PRICING AND EXPORT OF SUGAR. - THE RTG CONTROLS ALL SEGMENTS OF THE SUGAR INDUSTRY. IT LICENSES MILL CRUSHING CAPACITY, CONTROLS THE QUANTITY OF PLANTATION WHITE AND RAW SUGAR EACH MILL MAY PRODUCE, CONTROLS THE WHOLESALE PRICE, CONTROLS THE EXPORT PRICE THROUGH AN EXPORT PREMIUM SYSTEM, CONTROLS THE RETAIL PRICE, ALLO-

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CATES EXPORTS AND MUST APPROVE EACH SHIPMENT AND UNTIL RECENTLY WAS THE ONLY SUGAR EXPORTER. FOR DETAILS SEE AGR TH5030 OF MAY 6, 1975.

3. AGRICULTURAL REPORTS AGR TH5030 OF MAY 6, 1975. AGR TH4094 OF DEC. 12, 1974 AND AGR TH4065 OF OCT. 9, 1974 SHOULD BE USED FOR BACKGROUND INFORMATION.
WHITEHOUSE

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